GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:27
ANSWERED ON:15.07.2002
AGRICULTURAL SUBSIDY
NAWAL KISHORE RAI;SUSHIL KUMAR INDORA

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Farm Security and Rural Investment Act, 2002 of America underwhich Government were empowered to increase agricultural subsidy, is against the spirit of and agreement with the World Trade Organisation;

(b) if so, the reaction of the Government thereto;

(c) whether the Government have initiated negotiations with the USA Government to withdraw the said Act;

(d) if so, the details thereof; and

(e) the likely impact of the said Act on the agro-produces of the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a) to (e) : The proposed increase in domestic support to agriculture in US would not beconsistent with the spirit of Doha Ministerial Declaration where it was decided to engage into negotiations aimed at substantial improvement in market access; reduction of , with a view to phasing out all forms of export subsidies; and substantial reduction in trade distorting domestic support. Reports are indicating that the US Farm Bill will have a price depressing effect onworld markets. This may have negative effects for developing countries as well.

In accordance with the reduction commitments for domestic support undertaken by US inWTO Agreement on Agriculture, there is a limit as $ 19.1 billion per annum for Aggregate measurement of Support (AMS) that the USA can spend on price linked or production linked subsidy. If the projected subsidies for the calculation of AMS in the US Farm Bill exceed theabove ceiling , US would be in violation of its commitments under WTO Agreement of Agriculture.